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ABSTRACT

This study examines the extent to which states fund local school district school construction and renovation projects and explores the governance of that funding. It determines the different types of funding assistance that state departments of education provide to local school districts for their educational facilities and what state-level policymakers and administrators have currently mandated to ensure equity in school facilities for all students. Major findings show that most states fund school construction projects utilizing either full funding, equalization grants, percentage matching grants, flat grants, or state loans. Construction funding, however, is a low priority in the majority of states. Thirty-six percent of the states do not address equity among facilities within the state. State distinctions between funds for construction of new facilities and funds for renovation are minimal. Recommendations are offered that include the need for state evaluation of the adequacy and effectiveness of their current capital outlay provisions, the need for facility equity policies, and a greater need to address the decaying infrastructure of America's schools. (Contains 10 references.) (GR)

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State Support of Educational Facility Construction: A Policy Study

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State Support of Educational Facility

Construction: A Policy Study

Having invested hundreds of billions of dollars in school infrastructure to create a proper learning environment and thus enable students to be better prepared for the future, the United States now finds those buildings unsafe and in some cases even harmful to the health of those children whom public law requires to attend. The maintenance and capital investment that this infrastructure requires is almost exclusively a state responsibility. That responsibility is undermined due to tax limitations, recall and failed bond elections held for the purpose of building, renovating and repairing school facilities.

According to the United States General Accounting Office in their February, 1995 Report to Congressional Requesters, School Facilities: Condition of America's Schools (HEHS, 1995), the nation's schools need approximately $112 billion to repair or upgrade facilities. This need has developed due to several factors: compliance with environmental requirements and regulations such as asbestos, lead, radon gas or indoor air quality; extensive repair or replacement of buildings due to unsatisfactory structural or environmental conditions often caused by deferred maintenance or repairs; and soaring enrollments which have necessitated new facilities and overpowered the effort to repair or replace older facilities.

Officials attribute the decaying physical condition of America's school mainly to insufficient funds resulting in decisions to defer maintenance and repair expenditures causing a domino effect. Experts have identified several reasons for this funding shortage (Coley, 1989). The first reason for this shortage is the fact that voters are becoming increasingly against school taxes. Districts report that they had difficulty raising money for needed repairs and renovation due to anti-tax sentiment among voters resulting in the failure of bond issues as well as passage of property tax limitations. The personal property tax remains the most common method of supporting facilities in spite of its unpopularity. This method's inequities have been well documented by researchers for decades. Three primary objections to local property tax are common: 1) it affects large property owners (i.e. farmers, business owners) disproportionately; 2) it is unfair to the poor; and 3) it is too reliant on local taxes, making financial support for education a factor of local rather than statewide wealth. And, since school districts across a state usually differ significantly in their ratios of taxable property to enrollment, making the funding of public education dependent on the wealth of school districts almost always results in inequities (Kowalski, 1995).

A second reason identified by school facilities specialists is the fact that local, state, and federal regulations, as well as unfunded federal mandates, have forced schools to siphon off money earmarked for physical plants to pay instead for academic programs. Third, overcrowding is also an issue contributing to the lack of funds. Districts must sometimes divert funds initially planned for maintenance and repair of facilities to

purchase additional space to house growing enrollments as well as allow for low pupil-teacher ratios for special programs, such as special education.

Finally, the fourth reason identified as contributing to the lack of funds is the intense competition for resources. Students and parents want more programs and technology. (Health, Education, and Human Services Division, November, 1995).

The disrepair and inadequacy of school facilities has a major impact on student achievement and performance. Jonathan Kozol (1991) in his book, Savage Inequalities, states:

> In one urban high school in New Jersey, where gym students have no showers, the gym is used by up to seven classes at one time. To shoot one basketball, according to a coach, a student waits for 20 minutes. There are no working lockers. Children lack opportunities to bathe. They fight over items left in lockers they can't lock. They fight for their eight minutes on the floor. Again, the scarcity of things that other children take for granted in America—showers, lockers, space and time to exercise—creates the overheated mood that causes trouble in the streets. The students perspire. They grow dirty and impatient. They dislike who they are and what they have become.
>
> The crowding of the school reflects the crowding of the streets. "It becomes striking," says a parent in another urban district, "how closely the schools reflect their communities, as if the duty of the school were to prepare a child for the life he's been born to...It hardly seems fair." (p.116)

The challenge facing the nation's school districts is to provide appropriate learning environments for all students. As schools boards search for solutions, they must first realize that facilities and equity are inextricably linked (Marcus, 1995). Because of this equity issue, the states must become involved in the financing of school facilities.

The problem evident from this discussion is the requirement for adequate financing of facility needs of educational programs in the U.S., especially in light of the deteriorating infrastructure now being used and the continued rapid growth of the school age population. The purposes of this study were to ascertain the existence and amount of funding that states provide to local school districts, and to explore the governance of that funding. Specifically, the purposes of this study were:

1. to determine if the state participates in funding the construction of educational facilities.
2. to determine if the state participates in funding renovation of educational facilities.
3. to explore the different types of funding assistance that state departments of education provide to local school districts for educational facilities.
4. to assess what state-level policy-makers and administrators currently have mandated to ensure equity in school facilities for all students.

The individual state department funding policies and mandates concerning the construction and renovation of school facilities were the major concern of this study. The following research questions were formulated to address those issues.

1. How are school facilities financed on a state by state basis?
2. How many states offer some form of funding assistance to local school districts for the construction and/or renovation of school facilities?
3. What types of funding assistance are offered on a state by state basis?
4. What is the actual dollar amount of state funding assistance provided to local school districts during the 1995-1996 and 1996-1997 school years?
5. What is the source of state funds allocated to local school districts for financing facilities?
6. How is the issue of equity within the state being addressed with regard to educational facilities?
7. How much did the states spend on facilities during the 1995-1996 and 1996-1997 school years based on a per pupil allotment?
8. What criteria must school districts meet before qualifying for state funding assistance?
9. What kind of guidelines must local school districts follow after qualifying for state funding assistance?

Methodology

The methodology employed was a policy study incorporating a survey questionnaire to gather information from the most knowledgeable individual in the area of state funding assistance to local school districts for the construction and renovation of school facilities at the State Department of Education in each of the fifty states. The questionnaire was developed through a process of questioning and research and then subjected to a field test of a panel of experts. The data were collected during the spring and summer of 1997.

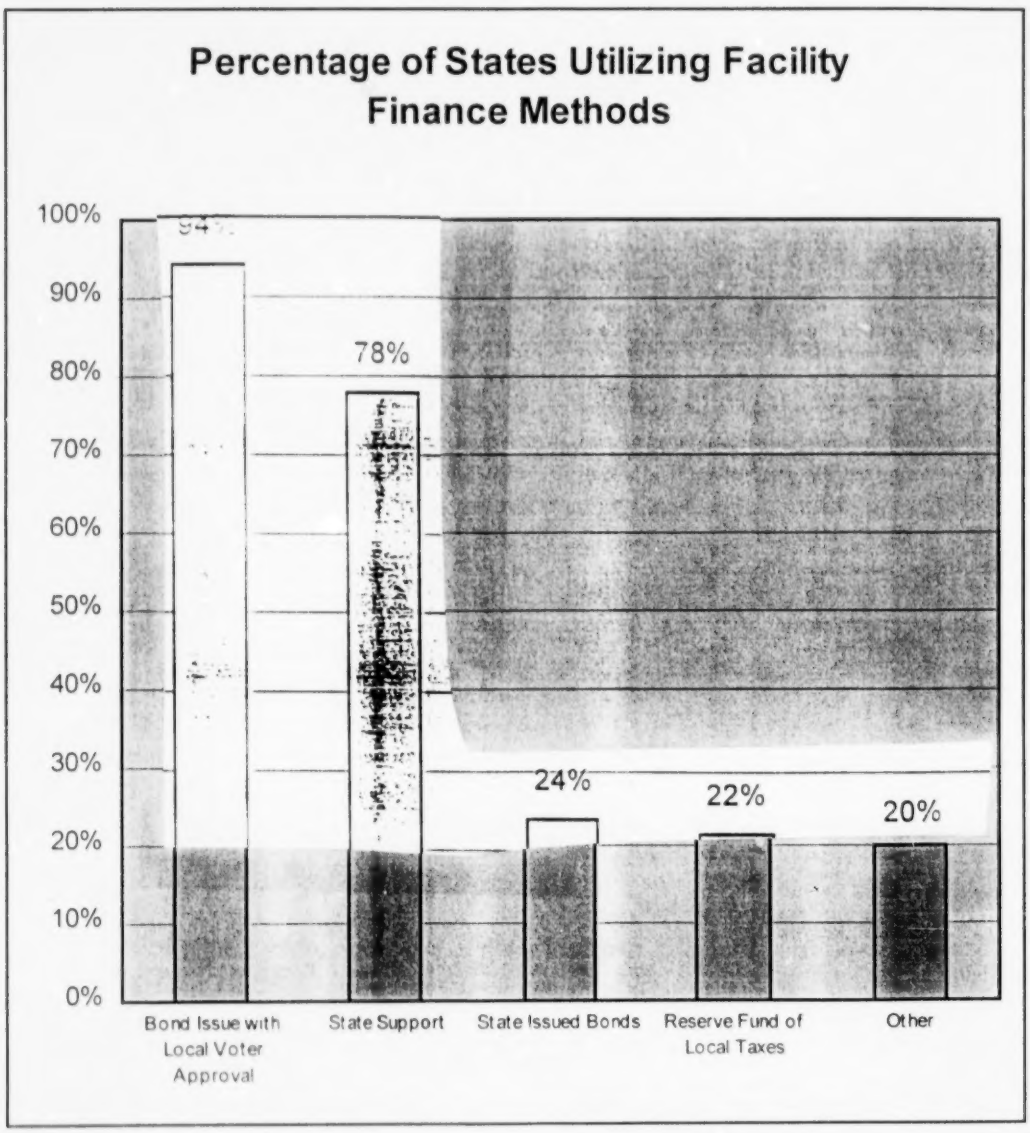
Results

How are school facilities financed on a state by state basis? Most states responded that a combination of methods was used to finance facilities. Forty-seven states (94%) listed bond issues with local voter approval as one of the major methods by which school facilities were financed. Thirty-nine or seventy-eight percent of the states responded that some type of state funding support is available for financing school facilities. State issued bonds accounted for 24% of the states as a funding method, and 22% of the states cited a reserve fund of local taxes as a method contributing to the total picture of funding school facilities. Figure 1 depicts the percentages of the states utilizing the various methods of facilities finance.

"Other" methods of funding facilities were listed by ten states and can be described by the following: California has a fund entitled State School Building Aid Program and is financed with statewide voter approved bonds (50% majority). Local school districts may go to their voters for school bonds only and requires a 66 2/3 vote. Other options available to California school districts include developer fees on new home

and commercial development and construction, special taxes, certificates of participation, and school facility district (within specified boundaries) bonds.

Figure 1



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Georgia passed a special tax in some school districts. This tax is called the Special Purpose Local Option Sales Tax (SPLOST) and became available for the first time in March of 1997.

In the state of Indiana, multiple methods of construction finance are used. These methods include public/private holding corporations, general obligation bonds, and capital projects funds levies.

The state legislature of Maryland passed the Public School Construction Program into law in 1971. The way in which facilities are financed in that state combines bond issue with local voter approval, state issued bonds, and a "pay-go" program detailed in the 1971 legislation.

Nevada offers no state funding assistance to local school districts, and finances school facilities 100 percent through bond issues with local voter approval however; a few districts within the state have used a "pay-as-you-go" program either in lieu of or in addition to regular general obligation bonds. New Jersey listed "other" in the way facilities are financed and described the method as a lease-purchase of local school buildings.

Another state that responded to the "other" category was Texas. A relatively small number of school districts have used lease-purchase financing. A few Texas districts have historically avoided debt financing, and have chosen to use available cash resources instead.

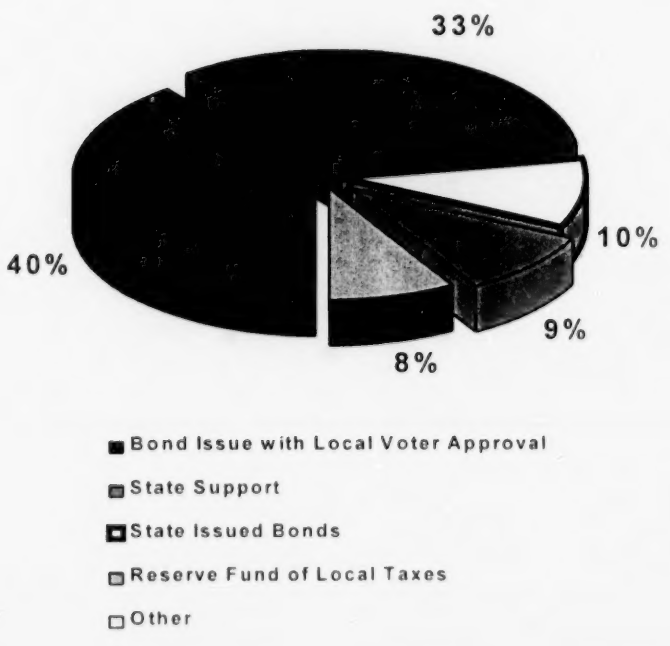
Virginia has also used some "pay-as-you-go" financing, as well as state issued bonds with localities paying debt service, and state issued literary loan fund with localities paying debt service.

The last state to respond that it used a different method of financing was Wyoming. The State Supreme Court has declared Wyoming's state method of funding schools unconstitutional and so Wyoming is exploring several options for funding facilities as well as maintaining or arriving at an equitable situation for all school districts within the state.

To gain perspective on a national view of the manner in which facilities are funded, Figure 2 illustrates that the most common method is a bond issue with local voter approval. This method accounts for 40% of all funding for facilities across the nation as a whole. State funding support to local districts also comprises a large percentage of the national funding method at 33%. Ten percent (10%) of the nation-wide picture is made up of state issued bonds and 9% of the total is attributed to a reserve fund of local taxes. The remaining 8% are made up of the category "other" describing the national view of facilities financing now utilized by the entire United States.

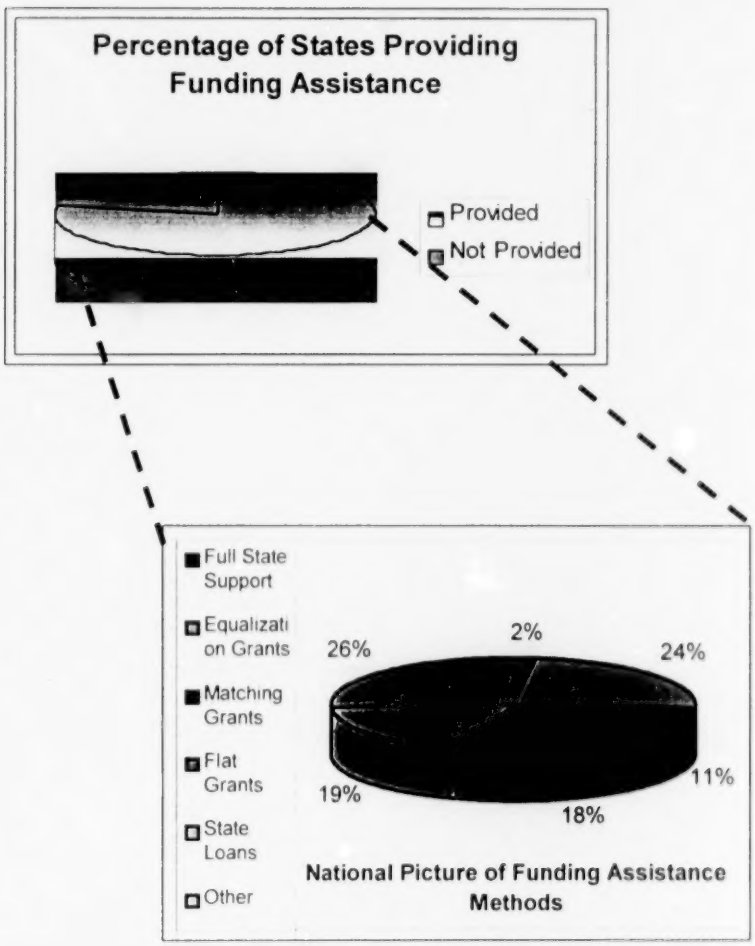
Figure 2

National Picture of Facility Finance Methods



How many states offer some form of funding assistance to local school districts for the construction and/or renovation of school facilities? A total of thirty-nine states (78%) reported providing ongoing financial assistance to local districts for the construction and renovation of public elementary and secondary schools.

Figure 3



In this study, financial assistance for school construction included loans or grants provided to local districts to pay for capital outlay or debt service for school facilities construction or renovation. States were considered to provide financial assistance for school construction if they had programs in place that (1) were ongoing as opposed to one-time appropriations and (2) specifically set aside funds for school construction and renovation, either through separate programs or through components of their basic education support program that provided for capital outlay or debt service.

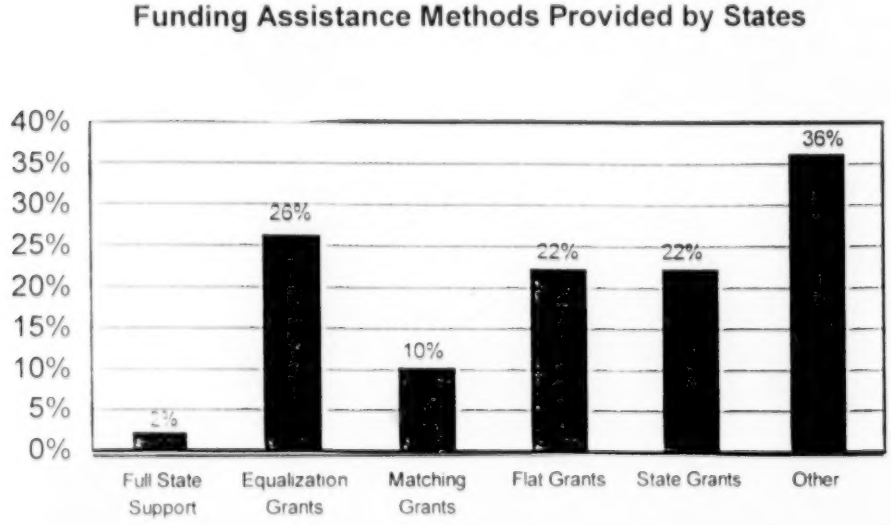
Illinois, not counted among the states offering funding assistance, is a state that had a one-time appropriation for funding assistance in 1983. The Illinois State Legislature passed the Elementary and Secondary School Capital Assistance Program on December 15, 1983; however, subsequent programs have been defeated.

Furthermore, not included are states that provide funding for maintenance and operations through basic education support programs (M & O). An example of a state that provides maintenance and operations funding is Wisconsin that receives its general fund monies from state sales tax and state income tax. Wisconsin has neither funding opportunity for local school districts through earmarked funds for capital outlay nor debt service.

Nine other states indicated that no funding assistance to local school districts for facilities is available from the state level agency. Those states were Colorado, Idaho, Iowa, Louisiana, Nebraska, Nevada, Oklahoma, Oregon, and South Dakota. All of the above mentioned states utilize bond issues with local voter approval as the only method of facilities funding. Two states (Colorado and Nebraska) indicated that a reserve fund of local taxes is used along with general obligation bonds. Figure 3 communicates the results of this research question.

What types of funding assistance are offered on a state by state basis? The survey instrument listed several options that historically have been popular methods of facilities financing including an option called "other" and requested a brief description of the type of assistance. Figure 4 describes the percentage of states providing each type of funding assistance. Hawaii was the only state (2%) to indicate that full state support was available to local school districts for construction and renovation of school facilities. Thirty percent of the states responded that equalization grants were a major source of funding assistance, and matching grants were utilized as one of the methods by which

Figure 4



facilities are funded by fourteen percent of the states. Twenty-two percent (11 states) of the states listed flat grants as a funding method and state loans were utilized twenty-four percent of the states. No state indicated that building authorities played a role in the funding equation used to finance facility construction or renovation. Thirty-two percent of the states indicated that some "other" method of funding assistance was available to local school districts and described their programs as follows: Alabama provides funds to local school districts from a state-wide three year bond issue. In addition to state loans, Arkansas uses three areas of facilities financing in the state funding formula: 1) general facilities funds, 2) growth facilities funds, and 3) debt service supplement. The revolving loan program allows districts to borrow up to $500,000 and can be used for a number of purposes including construction and renovation of school facilities.

The state of California offers a number of options including matching grants and state loans, however, the state is moving toward a 50/50 match for the majority of construction and renovation projects.

Georgia also utilizes a variety of funding methods but describes the most effective by the following, "Georgia's Capital Outlay Program (in effect since 1982) provides a systematic, equitable means of distributing the state funds available for school construction to school systems based on each school system's actual facility needs."

Maine describes its funding assistance method as a subsidy by means of the state funding formula. Massachusetts reimburses local school districts between 50% and 90% of the principal and interest of the turnkey cost of the construction project. Michigan allows its local school districts to use the state's qualification in issuing bonds, thereby lowering the interest cost and raising the credit rating. This practice is also used by the state of Texas through the Permanent School Fund (PSF).

Minnesota offers debt service equalization to assist in retiring bonded debt and state loans to districts within its borders. In the state of Missouri, the Direct Deposit Program, established in 1995, provides for credit enhancement of school district bonds by authorizing the state of Missouri to directly deposit a portion of a school district's state aid payments to a trustee in order to make the principal and interest payments on the district's bonds. The Program also uses state funds from riverboat gaming appropriated annually by the General Assembly to reduce the cost to school districts and their taxpayers of issuing general obligation bonds. New Hampshire offers its districts a 30% to 50% reimbursement of principal payments for construction, purchase, or renovation of school buildings paid over the life of the loan.

In New Mexico, a council designated in state statute allocates grants. The grants are allotted based on critical need, high rates of student growth and low property wealth. This state also provides funds for matching purposes based upon the imposition of a local two-mill levy for capital outlay. Pennsylvania also utilizes a reimbursement method of funding assistance that is based on a district's relative wealth and its projected enrollment

that is much the same as Rhode Island's method of reimbursement after the facility has been built.

Virginia, West Virginia, and Wyoming all report that a grant based on property wealth, enrollment figures, and specific need is a major method of funding assistance provided to local school districts for capital outlay projects.

When states provide funding assistance to local school districts, 22% of that funding comes in the form of equalization grants. States providing funding assistance utilize state loans and flat grants each at an 18% frequency. Matching grants make up 8% of the national picture of funding assistance, and full state support accounts for only 2% of funding assistance provided to local school districts across the nation. The largest category of funding assistance across the nation is described above in the discussion of "other" funding assistance methods (31%).

What is the actual dollar amount of state funding assistance provided to local school districts for financing facilities during the 1995-1996 and 1996-1997 school years? As a group, states reported providing $3,303,968,701 for financing construction and renovation of school facilities during the 1995-96 school year and $6,393,000,784 during the 1996-97 school year.

The actual state by state figures range from Louisiana providing a total of $0 dollars in funding assistance to California that provides over $2.7 billion in state funding assistance for construction and renovation of local school facilities. Hawaii provides 100 percent funding for facilities to local school districts with an actual dollar amount of $164,348,752 in 1995-1996 and $174,014,752 in 1996-1997. Table 1 shows the 1995-1996 results and Table 2 illustrates the results of the 1996-1997 school year.

What is the source of state funds allocated to local school districts for financing facilities? The source of state funds available for allocation to local school districts for construction and renovation most commonly listed by the state responses was state issued bonds (34%). Sixteen states (32%) indicated that a source of facility funding was the state income tax while twenty-eight percent of states (14 states) responded that the state sales tax was a source of funds provided to local school districts. Another 8% of states indicate a state property tax as a source of funds available to be used as a supplement to local districts. A state lottery is utilized by nine states for funding assistance, and twenty-two percent of the states indicated that a portion of the general education fund of the state is earmarked for facilities construction or renovation.

The category, "other" was also indicated by nine states and described by certain dedicated funds such as Indiana's Common School Fund and the Veteran's Memorial School Construction Fund. Florida listed the state's revenue of license plate fees, and Kentucky and South Carolina utilize special taxes and fees to provide funding assistance

and the state of Missouri allocates gaming proceeds from riverboat gaming to the local school districts for facilities finance through a Direct Deposit Program. South Carolina receives its funds from a state sales tax and supplements that fund with revenue generated from fees from the ChemNuclear Waste Storage facility in Barnwell, South Carolina.

West Virginia utilizes a unique way in which funds are generated for funding assistance where state funds from fiscal year end and surplus have been dedicated to school building improvements on occasion. Also local property tax revenues above the 1988 tax cap are captured by the state for equalization purposes and a portion of those funds are dedicated to debt service. Figure 7 displays the results of research question seven.

How is the issue of equity within the state being addressed with regard to educational facilities? Even though the issue of equity in state general funding formulas has been foremost in the minds of many state's highest courts, the issue of facilities equity has been drastically overlooked.

Twenty-eight percent of the states indicate that the issue of equity is not being addressed at all. Sixteen of the states addressing the issue of equity indicate that the state court system is attempting to address the inequities of facilities within the state itself. Forty-one percent of those states responded that the state legislature was addressing the problem, and 10% of those states (6 states) responded that some "other" type of program was addressing the issue of equity of facilities within the state.

Arizona is addressing the issue not only in the state courts, (Roosevelt v. Bishop ruling established a deadline for a constitutional system of finance by June 30, 1998) but also by the Superintendent of Public Instruction, who has developed a proposal for a financing plan that is gaining widespread support.

Georgia has a built in equity configuration in its funding process where matching funds provided for construction require a "proper wealth" per child calculation.

Maine has put together a Governor's Task Force to look into the issue of equity and make recommendations for improvement. And in South Carolina, about one half the districts in the state went to court concerning operating funds, to no avail. Capital funding has not been adjusted. So at this time, there is no action on this issue, though it would appear it is not an issue that will or should go away. Figures 8 and 9 convey the results of the respondent's answers to research question six.

How much did the states spend on facilities during the 1995-1996 and 1996-1997 school years based on a per pupil allotment? Table 3 and 4 illustrate the state's responses to the survey questions asking for number of students enrolled and actual dollar amount spent on a per pupil basis. The amount of money spent on construction and renovation of local school facilities was divided by the number of students enrolled to determine the per pupil allotment. Of the states offering funding assistance to local

school districts, Montana provided the least amount per pupil in both 1995-1996 and 1996-1997 showing $9.06 and $12.15 respectively.

Hawaii, which provides 100 percent funding to local districts for facilities indicated the highest per pupil allotment for 1995-1996 ($881.23) and also for 1996-1997 ($923.65). The wide variance in this range of per pupil allotment can be attributed to the differences in the funding methods of facility construction. The states that indicate a small per pupil allotment offer very little funding assistance and rely heavily upon a local financing effort. The higher the per pupil allotment, the more funding assistance is given to the local districts from the state.

What criteria must school districts meet before qualifying for state funding assistance? As stated previously, no two states follow exactly the same model for providing funding assistance to local school districts for facilities. However, many states follow a basic application process that includes details such as local share matches, requirements for plan oversight or approval, square foot and cost requirements, and limits set by assessed property value per pupil.

Alaska requires that local school districts go through a detailed application process that insures the local district match from 2% to 30% of the total cost of the project. The facility project must be then be approved based on population growth and the number of "unhoused" students in that district. Delaware provides funding assistance for capital outlay projects to districts based on a 60/40 State/local cost sharing effort and also budgets some $1.1 million for "unforeseen" work in the Annual Building Maintenance Program. This money is limited to needs for the buildings and its components. It requires no local contribution.

Georgia's Capital Outlay Program (in effect since 1982) provides a systematic, equitable means of distributing the state funds available for school construction to school systems based on each school system's actual facilities needs. The Local and State Boards of Education must approve a Five -Year Local Facilities Plan.

In Hawaii, the state controls all capital outlay funds and distributes them based on need to the seven districts (245 schools) within the state. Indiana provides loans to local education agencies from funds entitled: The Common School Fund and the Veteran's Memorial School Construction Fund. Kentucky has developed its own method of providing for school facility finance by involving the local citizens and school officials in a process in which a committee is formed to develop a plan for facilities. After this plan has been approved by the state agency, state funds are distributed in one of three methods: 1) capital outlay funds are distributed at a flat rate per pupil, 2) Facilities Support Program funds are distributed to equalize a local tax effort restricted to facility projects, and 3) the School Facility Construction Commission funds are distributed pro rata based on the needs shown on the facility plan.

What kind of guidelines must local school districts follow after qualifying for state funding assistance? All states that have established a program for funding assistance responded that there were established guidelines for the use of those funds.

No state indicated that there was a distinction between using the funds for construction or for renovation of school facilities. Although all states indicating that some type of state funding assistance is available to local school districts had specific guidelines for the local school districts to follow, the diversity between the state's guidelines was extremely notable. Alaska's established guidelines for funding assistance include a five-year strategic growth plan with projected enrollment and numbers of "unhoused" students to be submitted to the state education agency in application for funding assistance.

In contrast to this type of established guidelines, is the process to be followed in Montana. The guidelines for facility funds in Montana deal with specific building specifications and space allotment in the actual school facility after the funds have been disbursed. Although this diversity occurred in the basic guidelines for spending the funds, all states allow funds to be used for construction or renovation without differentiating between the two.

States that have established a program for funding assistance responded that there were established guidelines for the use of those funds.

Table 1

Response Summary by State

		How Facilities are Financed			
	Bond Issue Local Vote	State Support	State Issued Bonds	Reserve Fund	Other
Alabama		X	X		
Alaska	20%	80%			
Arizona	X	X			
Arkansas	90%	5%		5%	
California	X	X	X		X
Colorado	X			X	
Connecticut	X	20-80%	X		
Delaware	20-40%	X	60-80%		
Florida	75%	25%			
Georgia	X	X	X		X
Hawaii		100%			
Idaho	X				
Illinois	X				
Indiana	X	X		X	X
Iowa	X				
Kansas	X	X			
Kentucky	X	X			
Louisiana	X				
Maine	30%	70%			
Maryland	X	X	X		X
Massachusetts	10-50%	50-90%			
Michigan	X	X		X	
Minnesota	X	X			
Mississippi	60%	30%	10%		
Missouri	X	X			

Table 1

Response Summary by State

		How Facilities are Financed			
	Bond Issue	State	State Issued	Reserve	
	Local Vote	Support	Bonds	Fund	Other
Montana	X	X			
Nebraska	X			X	
Nevada	X			X	X
New Hampshire	57%	40%		3%	
New Jersey	X	X		X	X
New Mexico	90%	9%	1%		
New York	49%	51%			
North Carolina	X	X	X	X	
North Dakota	76.50%	16.50%		5%	3%
Ohio	90%	5%	5%		
Oklahoma	100%				
Oregon	100%				
Pennsylvania	X	X			
Rhode Island	99%	0.50%	0.50%		
South Carolina	X	X			
South Dakota	100%				
Tennessee	X	X			
Texas	X	X			X
Utah	87%	13%			
Vermont	X	X			
Virginia	X	X			X
Washington	50%	50%			
West Virginia	15%	32%	53%		
Wisconsin	100%				
Wyoming		X			X
Total	47	39	12	11	10

Table 2

Response Summary by State

	Does the state provide assistance?	Funding Assistance Methods					
		Full State Support	Equalization Grants	Matching Grants	Flat Grants	State Loans	Other
Alabama	Yes						X
Alaska	Yes			X	X		
Arizona	Yes		X			X	
Arkansas	Yes					X	X
California	Yes			X		X	X
Colorado	No						
Connecticut	Yes		X				
Delaware	Yes		X			X	
Florida	Yes		X		X		
Georgia	Yes		X	X		X	X
Hawaii	Yes	X					
Idaho	No						
Illinois	No						
Indiana	Yes					X	
Iowa	No						
Kansas	Yes		X				
Kentucky	Yes		X		X		
Louisiana	No						
Maine	Yes						X
Maryland	Yes		X	X	X		
Massachusetts	Yes				X		X
Michigan	Yes					X	X
Minnesota	Yes			X	X	X	X
Mississippi	Yes				X		
Missouri	Yes						X

Table 2

Response Summary by State

	Does the state provide assistance?	Full State Support	Funding Assistance Methods: Equalization Grants	Matching Grants	Flat Grants	State Loans
Montana	Yes		X			
Nebraska	No					
Nevada	No					
New Hampshire	Yes					
New Jersey	Yes		X			
New Mexico	Yes					
New York	Yes		X			
North Carolina	Yes				X	X
North Dakota	Yes					X
Ohio	Yes		X			
Oklahoma	No					
Oregon	No					
Pennsylvania	Yes				X	
Rhode Island	Yes					
South Carolina	Yes				X	
South Dakota	No					
Tennessee	Yes		X	X		
Texas	Yes		X			
Utah	Yes		X			X
Vermont	Yes				X	
Virginia	Yes					X
Washington	Yes			X		
West Virginia	Yes					
Wisconsin	No					
Wyoming	Yes					
Total		1	15	7	11	12

Table 3

Response Summary by State

	Source of State Funds Provided to Local Disctricts						
	State	State	State	State	State	General	
	Lottery	Bonds	Property Tax	Sales Tax	Income Tax	Fund	Other
Alabama		5%	40%	40%	15%		
Alaska						X	
Arizona	X			X	X	X	
Arkansas				X			
California		X	X	X	X		
Colorado							
Connecticut		X					
Delaware		80%			20%		
Florida		X					X
Georgia	X	X		X	X		
Hawaii		X					
Idaho							
Illinois							
Indiana							X
Iowa							
Kansas				X	X		
Kentucky	2.40%		8.00%	37%	43%		9.60%
Louisiana							
Maine	X			X	X	X	
Maryland		50-100%					0-50%
Massachusetts					X		
Michigan		X		X	X		
Minnesota		X		X	X		
Mississippi		10%		90%			
Missouri							X

Table 3

Response Summary by State

	Source of State Funds Provided to Local Districts						
	State Lottery	State Bonds	State Property Tax	State Sales Tax	State Income Tax	General Fund	Other
Montana	X		X		X	X	
Nebraska							
Nevada							
New Hampshire						X	
New Jersey					X		
New Mexico	10%	90%					
New York	10%				90%		
North Carolina		X			X		
North Dakota							X
Ohio	X	X					
Oklahoma							
Oregon							
Pennsylvania						X	
Rhode Island						X	
South Carolina				X			X
South Dakota							
Tennessee						X	
Texas						X	
Utah					X		
Vermont		X					
Virginia						X	
Washington		X		X		X	
West Virginia	X	X		X			X
Wisconsin							
Wyoming							X
Total	9	17	4	14	16	11	9

Table 4

Response Summary by State

	1995-1996 No. of Students	1995-1996 Amount Spent on Construction/Renovation	1995-1996 Per Pupil Allotment
Alabama	738,861	$140,000,000.00	$189.48
Alaska	122,511	$14,655,000.00	$119.62
Arizona	718,774	$122,000,000.00	$169.73
Arkansas	447,748	$13,150,264.00	$29.37
California	5,363,177	$9,856,000.00	$1.84
Colorado	656,279	$0.00	$0.00
Connecticut	518,956	$154,424,546.00	$297.57
Delaware	107,791	$56,231,400.00	$521.67
Florida	2,109,394	$210,344,870.00	$99.72
Georgia	1,279,197	$186,860,934.00	$146.08
Hawaii	186,500	$164,348,752.00	$881.23
Idaho	243,097	$0.00	$0.00
Illinois	1,943,623	$0.00	$0.00
Indiana	898,083	$18,261,200.00	$20.33
Iowa	473,471	$0.00	$0.00
Kansas	463,018	$15,611,444.00	$33.72
Kentucky	572,000	$83,745,000.00	$146.41
Louisiana	780,000	$0.00	$0.00
Maine	213,569	$49,748,940.00	$232.94
Maryland	805,544	$118,000,000.00	$146.48
Massachusetts	986,365	$179,696,566.00	$182.18
Michigan	1,685,375	$31,313,662.00	$18.58
Minnesota	822,953	$10,189,665.00	$12.38
Mississippi	469,083	$12,072,494.00	$25.74
Missouri	873,638	$14,000,000.00	$16.02

Table 4

Response Summary by State

	1995-1996 No. of Students	1995-1996 Amount Spent on Construction/Renovation	1995-1996 Per Pupil Allotment
Montana	165,547	$1,500,000.00	$9.06
Nebraska	280,953	$0.00	$0.00
Nevada	265,041	$0.00	$0.00
New Hampshire	185,360	$15,567,000.00	$83.98
New Jersey	1,192,516	$69,945,000.00	$58.65
New Mexico	317,431	$20,000,000.00	$63.01
New York	2,156,890	$613,500,000.00	$284.44
North Carolina	1,417,510	$35,015,044.00	$24.70
North Dakota	118,951	$9,850,600.00	$82.81
Ohio	1,800,000	$210,000,000.00	$116.67
Oklahoma	611,984	$0.00	$0.00
Oregon	500,000	$0.00	$0.00
Pennsylvania	1,773,065	$180,000,000.00	$101.52
Rhode Island	141,495	$17,002,906.00	$120.17
South Carolina	633,509	$29,179,565.00	$46.06
South Dakota	134,052	$0.00	$0.00
Tennessee	645,897	$14,560,200.00	$22.54
Texas	3,434,731	$47,190,049.00	$13.74
Utah	471,402	$18,358,000.00	$38.94
Vermont	105,889	$17,000,000.00	$160.55
Virginia	1,069,907	$14,589,600.00	$13.64
Washington	945,300	$210,000,000.00	$222.15
West Virginia	307,508	$175,000,000.00	$569.09
Wisconsin	837,022	$0.00	$0.00
Wyoming	99,859	$1,200,000.00	$12.02
TOTAL	43,090,826	$3,303,968,701.00	$76.67

Table 5

Response Summary by State

	1996-1997 No. of Students	1996-1997 Amount Spent on Construction/Renovation	1996-1997 Per Pupil Allotment
Alabama	740,000	$100,000,000.00	$135.14
Alaska	124,753	$17,898,450.00	$143.47
Arizona	719,857	$222,000,000.00	$308.39
Arkansas	453,665	$13,906,297.00	$30.65
California	5,495,075	$2,700,000,000.00	$491.35
Colorado	673,438	$0.00	$0.00
Connecticut	527,129	$147,884,041.00	$280.55
Delaware	109,952	$36,098,000.00	$328.31
Florida	2,170,041	$206,349,523.00	$95.09
Georgia	1,311,025	$157,726,684.00	$120.31
Hawaii	188,398	$174,014,752.00	$923.65
Idaho	245,252	$0.00	$0.00
Illinois	1,973,040	$0.00	$0.00
Indiana	907,072	$49,383,856.00	$54.44
Iowa	744,486	$0.00	$0.00
Kansas	466,367	$16,750,000.00	$35.92
Kentucky	574,008	$96,208,000.00	$167.61
Louisiana	777,000	$0.00	$0.00
Maine	213,866	$50,875,032.00	$237.88
Maryland	818,583	$140,200,000.00	$171.27
Massachusetts	1,024,563	$187,654,003.00	$183.16
Michigan	1,677,479	$44,849,889.00	$26.74
Minnesota	834,358	$12,589,900.00	$15.09
Mississippi	471,209	$10,656,591.00	$22.62
Missouri	883,327	$14,000,000.00	$15.85

Table 5

Response Summary by State

	1996-1997 No. of Students	1996-1997 Amount Spent on Construction/Renovation	1996-1997 Per Pupil Allotment
Montana	164,560	$2,000,000.00	$12.15
Nebraska	283,147	$0.00	$0.00
Nevada	282,131	$0.00	$0.00
New Hampshire	194,171	$18,000,000.00	$92.70
New Jersey	1,216,556	$95,248,000.00	$78.29
New Mexico	318,360	$38,000,000.00	$119.36
New York	2,895,650	$613,800,000.00	$211.97
North Carolina	1,462,793	$21,429,024.00	$14.65
North Dakota	118,250	$10,258,600.00	$86.75
Ohio	1,800,000	$462,000,000.00	$256.67
Oklahoma	612,465	$0.00	$0.00
Oregon	506,000	$0.00	$0.00
Pennsylvania	1,784,564	$225,400,000.00	$126.31
Rhode Island	143,309	$18,104,513.00	$126.33
South Carolina	653,253	$95,756,573.00	$146.58
South Dakota	135,102	$0.00	$0.00
Tennessee	658,810	$16,890,255.00	$25.64
Texas	3,521,228	$122,809,951.00	$34.88
Utah	473,666	$26,358,000.00	$55.65
Vermont	106,341	$17,000,000.00	$159.86
Virginia	1,085,738	$18,900,850.00	$17.41
Washington	964,500	$150,000,000.00	$155.52
West Virginia	304,424	$40,400,000.00	$132.71
Wisconsin	848,681	$0.00	$0.00
Wyoming	98,777	$1,600,000.00	$16.20
TOTAL	44,756,419	$6,393,000,784.00	$142.84

Table 6

Response Summary by State

	How is the issue of Equity being addressed?			
	State Legislature	State Board/Agency	State Courts	Other
Alabama	X	X	X	
Alaska	X		X	
Arizona			X	X
Arkansas	X	X	X	
California	X	X		
Colorado	X	X		
Connecticut	X	X	X	
Delaware	X	X	X	
Florida	X			
Georgia	X	X		X
Hawaii	X	X		
Idaho			X	
Illinois				
Indiana				X
Iowa				
Kansas				
Kentucky				
Louisiana				
Maine				X
Maryland	X			
Massachusetts				
Michigan	X			
Minnesota	X	X	X	
Mississippi	X			
Missouri				

Table 6

Response Summary by State

	How is the issue of Equity being addressed?			
	State Legislature	State Board/Agency	State Courts	Other
Montana	X	X		
Nebraska	X			
Nevada	X			
New Hampshire			X	
New Jersey			X	
New Mexico		X		
New York	X			
North Carolina	X			
North Dakota		X	X	
Ohio	X		X	
Oklahoma				
Oregon				
Pennsylvania				
Rhode Island	X			
South Carolina				X
South Dakota				
Tennessee				
Texas	X		X	
Utah	X	X		
Vermont				
Virginia				X
Washington	X	X	X	
West Virginia	X		X	
Wisconsin				
Wyoming	X		X	
Total	26	14	16	6

Major findings of this study

1. Features of assistance plans used by states are as varied and unique as the fifty states. But despite the differences, the majority of the states have generally utilized five basic plans to assist local districts with facility needs.

   Full state funding. Full state funding implies major state assumption of the local building program. Under this concept, the state accepts the major responsibility for education. Hawaii is the only state that provides full state funding for local school facilities.

   Equalization grants. These grants to local districts are often established on some method by which aid increases as ability to pay declines. Thirteen states now provide some type of equalization grants to local school districts for funding facilities.

   Percentage matching grants. Five states responded that some type of matching grant is now used to assist local school districts with facility needs. This type of grant provides funds to districts on a cost-share basis with a fixed level of state participation.

   Flat grants. Flat grant provisions are used by the states to offer districts a set amount of money that is legislatively determined on some distribution basis. Eleven states now use flat grants as part of their method of funding assistance.

   State Loans. Loan programs offer state funds to local districts with favorable interest rates and strong security ratings for investors. Eleven states utilize some type of state loan program for funding school construction and renovation.

2. Sophisticated formulas have been developed for state-level assistance in funding operating budgets, special education programs, transportation, and other school services. In sharp contrast, however, funding methods of capital outlay for facilities have generally been neglected in many states. Construction funding has been a low priority. Thirty-six percent of the states today are not addressing in any way, the issue of equity among facilities within the state.

3. In the states that provide funding assistance, some procedure for application for funds exists and general guidelines must be followed in the disbursement of those funds. Funds allocated to local school districts can be used for either construction or renovation of school facilities with very little differentiation between the two in any of the states offering funding assistance.

Conclusions

1. Most states are directly involved with the financing of educational facilities within its borders; therefore, this issue must be priority of state level legislators, policymakers and administrators of education. However, the dollar amount of funding assistance provided is extremely low relative to the total cost of facility construction or renovation. The biggest effort in funding facilities has historically been provided by bond election with local voter approval. States are heavily dependent upon bonds passed by local districts to build schools.

2. States must consider the research data and the arguments that show how allegations of inequity are related to the failure of many states to provide meaningful aid for capital outlay to local school districts. To the extent that the arguments are convincing – and to the extent that the equity principles governing general aid formulas apply – state policymakers must consider assisting local school districts with facility initiatives. If this action does not occur, the disparity between poor districts and wealthy districts will continue to widen and place students who live in those less fortunate school districts in jeopardy.

3. State policymakers should recognize and assess the issue of facilities for its moral dimensions as well as its inherent legal pitfalls. From that assessment should evolve decisions and processes that can guide the states as they develop and administer plans to aid facility finance in local school districts.

4. Differentiation between funds being used for construction of new facilities and funds being used for renovation of existing facilities is minimal. The states that provide assistance do not make a distinction between the funds available to local districts for renovation or new construction.

5. National studies and this study make apparent that states have not dealt with the issue of the deterioration of the school infrastructure in a cohesive manner within the state. This is made evident by the absence of any equity measure enacted by state institutions or agencies. Even now, local school districts are overwhelmed with federal and state mandates for educational programs without funding support. If the issue is not addressed quickly, there will be no solution in sight.

Recommendations

1. States policymakers should begin to consider alternative methods of financing school facilities. The heavy dependence on local taxpayer effort through bonds should be examined and evaluated. Although most states utilize a combination of funding methods, the lease-purchase agreement could be an effective and economical alternative.

2. States should play a major role the issue of facilities and equity within the state. The states should be involved in the process, not necessarily providing fiscal support, but

within the category of determining facility needs and demands. The issue of maintaining local control should receive emphasis, however. While increased state influence is likely to be associated with increased state funding, the benefits should be constructed to outweigh the detriments.

3. Related to recommendation number two, states should evaluate the effectiveness of current capital outlay provisions to determine if current funding levels – both from state and local sources – is adequate for current and future needs, with respect to maintenance and replacement of existing facilities and the need for new construction.

4. The issue of facility equity within the state must be addressed by one or more of the policy making institutions of the state. It is imperative for the states to consider the research data and the arguments that show how inequity among school districts within the state affect the overall education of those students living within it's borders.

5. State funds should be ensured for existing debt service as well as for new projects. By providing aid to existing projects, states would exhibit concern for districts that have already extended themselves during a time when local effort only controlled the quality of facilities. By providing aid for financing new facilities, the state displays emerging concerns about state responsibility for assisting local districts to provide the best educational program available within the limitations of the wealth of the entire state.

6. States must take a leadership role in addressing the decaying infrastructure of America's school. By ignoring the issue, states are literally abdicating to the federal government. This situation will not only cause a loss of state and local control over educational decision making, but will also increase unrest among taxpayers who will ultimately pay for the necessary improvement to school facilities.

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